State of Wisconsin
Department of Health and Family Services

Jim Doyle, Governor
Helene Nelson, Secretary

May 17, 2006

Mr. Gerald Huber
President, Wisconsin County Human Services Association
LaCrosse County Human Services Department
300 N. 4th Street
LaCrosse, WI 54601

Dear Mr. Huber:

I want to first thank all of our county partners for their support and efforts in planning for a new managed long-term care delivery system. Your efforts in the development of a more cost-effective delivery system will allow us to eliminate the long-term care waiting list for adults with disabilities and the frail elderly over the next five years. The involvement of counties in the design and administration of this new system is key to its success.

I know that a number of issues have come up about the role of the counties in the new system. On May 5, 2006, I sent a letter to Planning Grant Administrators and County Government Partners that addressed some basic assumptions we have made about county roles in a reformed system which you may have seen. We will continue to talk about this in the coming months.

As you know, our interest is in expanding Family Care or other managed long-term care programs as quickly as possible within the existing budget to the greatest degree possible. A significant challenge in this area has been how to identify the amount of Community Aids and local tax levy that is currently used to support people who will be served in the new reformed system. This letter addresses our current thinking on this issue.

There are two options we considered for identifying the amount of Community Aids and county property tax revenue currently spent to support long-term care programs. One option involved identifying all expenditures for the frail elders and for people with disabilities and then exclude expenditures not related to long-term care, such as adult protective service, emergency detention, elder abuse investigations, guardianship responsibilities, and children with disabilities. As an outgrowth of the Visions state/county workgroup process, we recently established a new annual county expenditure report, known as the Human Services Revenue Report (HSRR). Information provided by counties through the HSRR would allow us to identify total expenditures for people with disabilities and the frail elders. However, identifying expenditures related to functions that are not related to long-term care would be complex. In addition, counties have raised concerns about the accuracy of HSRR data.

The other option is to identify as many groups as possible of expenditures that are long-term care and aggregate them. The largest set of long-term care expenditures at the local level are for waiver-related services and administration for adults with disabilities and for the frail elderly. Counties currently report actual expenditures by funding source through the Human Services Reporting System (HSRS) waiver module. Through our year-end reconciliation process, we can disaggregate by county the total waiver cost into the following components: (a) federally funded, (b) funded with state waiver revenue, (c) funded with state Community Options revenue, and (d) funded with Community Aids or county levy.

A second set of long-term care expenditures at the county level is MA targeted case management (TCM) expenditures for long-term care populations. MA TCM will be provided by the Managed Care Organizations under the expanded long-term care system. Data on county MA TCM expenditures by target group is available through the Department's MEDS system.

Our preliminary view is that it is preferable to use MA TCM information from the MEDS system and HSRS information from the waiver module for Calendar Year 2005 to identify the funding that will be used to support the new managed long-term support programs. We believe that this option is the most advantageous to the counties. We would only be accessing TCM and waiver-related funding that is used to support people eligible for the new managed long-term care programs. Funding that counties currently use to provide support to people on the waiting list would not be accessed, even though these people will be eligible to enroll in the new managed long-term care programs. In addition, we would not be accessing funding that is currently used by counties to support functions such as adult protective services and emergency detention services. We are interested in hearing your views about this approach of determining the county contribution.

Another issue that needs to be addressed is the method we will use to transfer Community Aids and county levy to the State for the amount of funding identified as the county contribution. One option we considered is to intercept these funds through funding sources such as the Basic County Allocation, COP funding after the offsets for waiver expenditures, and Shared Revenue. Under this option, we would apply the same intercept mechanism to all counties.

Another option is to bill each county for its county contribution. Under this option, each county would have the discretion to identify the funding source of the payment, including if it wished, the implementation of an intercept mechanism for all or part of the payment.

Each method has advantages and disadvantages. However, on balance our preliminary view is that the second billing option is preferable. While it may be more complex for the State to administer, it provides each county with the flexibility to structure its payment in a way that reflects local circumstances, and it preserves the ability of County Boards to allocate county tax levy based on their priorities.

We are interested in hearing your views on the different transfer mechanisms. In general, we are optimistic that we will be successful in working together to develop mechanisms that will help ensure a smooth transition.

Sincerely,

Helene Nelson

Helene Nelson
Secretary